

1964  
29 JAN 1964

MEMORANDUM FOR: [REDACTED]

SUBJECT: [REDACTED] Quarters Allowance as Income Under the Revenue and Taxation Code

1. On 23 January 1964 you asked me to check if, under law, a monthly quarters allowance of \$250 paid to an employee in addition to his regular salary would be included in his gross income.

2. Income is computed under the [REDACTED] personal income tax law in substantially the same manner as under the Federal law. Section 17071 of the [REDACTED] Revenue and Taxation Code defines gross income as "all income from whatever source derived;" salaries and wages are specifically included. Although there is no specific reference to quarters allowances, it was held in Appeal of Perelle, SBE, December 17, 1953, that rent paid to an employee in addition to his regular salary is income to the employee unless furnished merely for the convenience of the employer. It would seem that if a cash payment to an employee in the exact amount of his rent is income, then a quarters allowance of \$250, which may be spent at the employee's discretion, would also be included. The only quarters allowance specifically excluded is the one paid to a member of the armed services.

3. The broad interpretation given to gross income is illustrated further in section 17118 where it is stated that "any compensation (emphasis added) of officers and employees of the United States or agencies or instrumentalities of the United States" will be included as gross income.

4. Therefore, as you suspected, it would appear that the quarters allowance must definitely be included in an individual's gross income under [REDACTED] law.

1 - VVH:RACG  
1 - VVH:RACG

1 - OSA

SIGNED

25 Office of General Counsel

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Approved For Release 2004/11/01 : CIA-RDP75-00793R000300060022-7

7 February 1962

MEMORANDUM FOR: Deputy Director (Support)

SUBJECT : Emergency Allowances

1. This memorandum contains a recommendation for your approval. Such recommendation is contained in paragraph 6.

2. A necessity exists for the immediate payment of officers and employees [redacted]

[redacted] All personnel for this project are being selected on technical skills and linguistic ability without regard to location or duration of present assignment. In some cases this will result in considerable personal inconvenience. In addition the short lead time, combined with concern over rental rates at [redacted] during the tourist season, makes it impossible to meet the 15 February schedule unless some assurance against financial hardship is granted by the Agency.

3. We propose to resolve this difficulty by the use of Government leased housing and the establishment of fair charges for the individual assigned to the quarters. These fair rental rates will generally correspond to existing military quarters allowances for the military personnel and equitable rates for the civilian employees. The difference between actual rental costs and the fair rental rate established will be borne by the Agency. To assure this equitable treatment and avoid undue financial hardship each case will be handled on an individual basis. A team consisting of representatives of the Real Estate and Construction Division, Office of Logistics, and Military and Mobilization Personnel Division, Office of Personnel will be on the scene prior to the arrival of the personnel to render all assistance possible and establish appropriate controls. It will be necessary, for cover and security, that each individual locate and lease their personal quarters acting as agents for the Government. Final contracts will be subject to Agency approval. Attached is the proposed formula for establishment of fair rental rates.

4. In those cases where permanent change of station on such short notice results in undue hardship or excessive disruption of family life we propose the use of temporary duty with payment of an appropriate per diem for a reasonable period of time commensurate with the facts of each case.

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5. [redacted]  
[redacted] when it has been determined that temporary duty, either at [redacted] is necessary the Agency will bear the cost of per diem involved. Such expenses will be charged to [redacted] Task Group appropriation.

6. It is recommended that authorization to proceed as outlined above be granted.

STATINTL

CONCUR:

SIGNED

7 FEB 1962

GEORGE B. McMANUS

Date

SIGNED

7 FEB 1962

RICHARD HELMS  
COPS/DEP

Date

APPROVED:

SIGNED

12 FEB 1962

L. K. WHITE  
Deputy Director  
Support

Date

Distribution:

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2 - DD/S

2 - DD/P

1 - COPS-DD/P

29 MAY 1962

MEMORANDUM FOR: Acting Director of Central Intelligence

SUBJECT: Delegation of Authority

REFERENCES:

A. Memorandum to Deputy Director (Support) from SSA-DD/S dated 7 February 1962, Subject: Emergency Allowances

B. Memorandum to Deputy Director (Support) from Chief, [redacted] dated 28 May 1962, Subject: Allowances and Emoluments for Personnel Assigned to JMWAVE, [redacted] and Supporting Agency Components at the Same Geographic Area

1. This memorandum contains recommendations submitted for Acting Director of Central Intelligence approval. Such recommendations are contained in paragraph 4.

2. On 12 February 1962 the Deputy Director (Support) approved a recommendation dated 7 February 1962 (Reference A) that Government quarters be furnished to Agency employees and detailed personnel assigned to [redacted] under a procedure whereby part of the rental costs is to be borne by the occupant.

3. Reference B recommended that the Deputy Director (Support) approve the furnishing of Government quarters to Agency personnel assigned to JMWAVE, [redacted] and the supporting components located in the same geographic area, under an arrangement similar to that now in effect at [redacted]

4. Since the expenditure of confidential funds for the purposes indicated are considered to require your approval, it is recommended that you:

a. Ratify the action by the Deputy Director (Support) in authorizing the furnishing of Government quarters to personnel at

b. Delegate to the Deputy Director (Support) the authority to approve the recommendation set forth in paragraph 8 of Reference B.

SIGNED

LAWRENCE R. HOUSTON  
General Counsel

The recommendations in paragraph 4 are approved. 2 JUN 1962

SIGNED

Marshall S. Carter  
Lieutenant General, USA  
Acting Director

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OCC/RJB:icq (31 May 1962)

28 May 1962

MEMORANDUM FOR: Deputy Director (Support)

SUBJECT : Allowances and Exemptions for Personnel Assigned to JMWAVE, [ ] and Supporting Agency Components at the Same Geographic Area

1. This memorandum contains a recommendation submitted for DD/S approval. Such recommendation is contained in paragraph 8.

2. The duration of personnel assignments to JMWAVE and [ ] is indefinite and may be affected by action beyond the control of this Agency. This situation has caused apprehension and serious morale problems on the part of personnel assigned to duty at these locations and results in interference with the operations of [ ]. Since we are unable to assure employees a normal tour of duty, many are uncertain as to the proper disposition of their property in the Washington area and whether or not they should relocate their households under such conditions. They are also concerned about the additional living expense which accompanies relocation and the possible duplication of such expense in the event of early return to the Washington area. Under normal conditions of field assignment, employees can plan their personal affairs so that over a period of time the incidental expense of moving and relocation generally can be offset or at least minimized. These employees are unavoidably denied conditions which permit long range planning, therefore, it seems both reasonable and necessary that the Agency assume the risks of this special situation.

3. In order to eliminate obstacles which interfere with the operation of the [ ] program it is proposed that JMWAVE and [ ] and supporting components in the area, be considered permanent duty stations which will permit the transportation of employees, dependents and household effects to and from these stations at government expense regardless of the uncertainty as to the duration of assignment. This will not restrict the assignment of personnel on temporary duty and the payment of per diem in appropriate amounts under existing regulations.

4. Most officers assigned to these stations work irregular hours, including substantial amounts of unscheduled overtime under conditions which do not permit the degree of close supervision normally found in office procedures. This pertains not only in the case of officers while in the performance of operations, it is true also in the case of many officers who must monitor and report on operations in progress. It is proposed that such officers, GS-11 and above, be granted premium pay in lieu of overtime at the rate of 15% of the base pay of GS-9 in accordance with Civil Service procedures. Upon approval of this proposal, [ ] and other offices which administer units in the area will take steps to limit payment of overtime compensation, to officers who do not qualify for premium pay, to amounts which will not materially exceed the rate of premium pay. Employees at grade GS-10 and below, and those assigned to production positions, will be paid appropriate overtime compensation in accordance with existing regulations and procedures.

5. It is proposed that government quarters be provided all PCS employees and their dependents who wish to avail themselves of this privilege. This will include assumption by the Agency of responsibility for quarters previously obtained by the individuals if these quarters meet criteria established by the Office of Logistics. Upon providing government quarters the employee will be charged a reasonable amount for occupancy thus assuring the employee adequate quarters without financial hardship. For reasons of cover and security the employee who is to occupy the quarters will negotiate the lease as though it were his personal action. The amount which civilian employees are to pay will be deducted from the rent. The remainder is the amount which the Agency will pay to the individual monthly without the necessity for detailed accounting. The quarters allowance of military personnel will be used as the amount the individual is to pay. Attached at TAB A is a schedule of the amounts which civilian employees are to pay. These amounts are the same as those previously established in the same area for the unit administered by the [ ]

[ ] The estimated cost of utilities will be added to the actual rent in determining the amount which the Agency is to pay under the formula. In order to minimize the administrative work load, the total utilities for each rental will be estimated at \$20 which, according to a recent survey by the Office of Logistics, is a conservative estimate.

6. Before providing this housing assistance to employees, a representative of the Office of Logistics will examine the property and will approve the lease and monthly amount the Agency is to pay after certifying that the quarters are suitable for the needs of the employee and dependents, and that the cost is reasonable under current



Employees who decline occupancy of approved quarters will not receive housing assistance except that employees who now occupy personally selected quarters may be given assistance based upon the lesser of the actual rental, or the rental at which the Office of Logistics representative certifies that suitable housing is currently available in the area. Attached at TAB B is a statement regarding the norms which will be applied in the selection of quarters.

7. [ ] administered by the Office of Logistics, and [ ] administered by the Office of Communications, are in direct support of JMWAVE and [ ] and are, therefore, subject to the conditions of uncertainty described above.

8. It is recommended that

a. JMWAVE, [ ] be considered permanent posts of assignment for employees who locate their households in the area;

b. Premium pay be authorized for civilian employees, GS-11 and above who are determined by the Chief, [ ] in the case of JMWAVE and [ ] and the appropriate operating officials in the case of [ ] to meet the criteria established in the regulations. Designation of officers to receive premium pay will be approved by the Director of Personnel;

c. Agency housing support be granted employees on the formula described in paragraphs 5 and 6, above, which includes selection of adequate and reasonable quarters by a representative of the Office of Logistics, and deduction from the rental (and estimated utilities) the amount the individual is to pay in accordance with the schedule attached at TAB A;

d. The effective date for housing support be 1 June 1962 and the effective date for premium pay be the beginning of the first pay period following 1 June 1962.

Attachment: TABS A & B

CONCUR:

SIGNED

Richard Helms  
Deputy Director (Plans)

31 MAY 1962

Date

SIGNED

The recommendation contained  
in paragraph 8 is approved:

SIGNED

L. K. WHITE  
Deputy Director (Support)

4 JUN 1962

Date

Concurrence in proposal stated in basic memorandum to establish PCS posts in the area of JMWAVE to authorize premium pay in lieu of overtime and to provide Agency support in obtaining living quarters;

(signed on O/C copy)  
Director of Communications

29 May 1962  
Date

\*There are certain requirements at [ ] not covered in this paper which will be subject of a separate request.

Telephone coordination by  
Director of Logistics

29 May 1962  
Date

/s/ EMMETT D. ECHOLS  
Director of Personnel

29 May 1962  
Date

Comptroller (Deputy)

31 May 62  
Date

See attached memorandum dated 29 May 1962  
See attached memorandum dated 29 May 1962  
General Counsel

Date

SEA-DD/S

[ ] memo (28 May 62)

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2 - [ ] (1 w/h)

TAB A

Attachment to Memorandum Dated 28 May 1962 from Chief, [REDACTED]  
to DD/S Regarding PCS Status, Premium Pay, and Housing Assistance  
at JMWAVE, [REDACTED]

1. In developing the scale of rental rates chargeable for occupancy of Government housing in the JMWAVE area the following factors were considered:

a. Bureau of Budget Circular A-45, dated 3 June 1952. This Circular outlines general authorizations and restrictions and includes the statement that, as a general rule, employees should not be charged in excess of 20% of gross salary regardless of housing furnished.

c. Bureau of Labor Statistics giving data on cost of living in various representative cities throughout the United States.

d. A housing survey of rental costs in the area, conducted by Real Estate and Construction Division, Office of Logistics, in February 1962.

e. This scale was approved for application at a nearby area [REDACTED] in February 1962.

2. Consideration of all of these factors resulted in the establishment of a rental rate of 12% of the base salary per annum. These rates are established in consideration of the unusual circumstances described in the basic memorandum, and they should not be used as a precedent in establishing rates under normal conditions of assignment of personnel.

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TAB B

Attachment to Memorandum Dated 28 May 1962 from Chief, [REDACTED]  
to DD/S Regarding PCS Status, Premium Pay and Housing Assistance at  
JMWAVE, [REDACTED]

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The Office of Logistics will establish norms for maximum rental of housing for civilian and military employees at various grade levels. The norms previously established for the Contact Division Unit will be used as guides. It is expected that different norms will be established for specific areas depending upon the housing market at a given time. The norms previously established for a specific area were:

	<u>Monthly Rent and Utilities</u>	
	<u>With</u>	<u>Without</u>
	<u>Dependents</u>	<u>Dependents</u>
All enlisted Military personnel and Civilians GS-3 through GS-9	120	120
Warrent Officer, Lt., and Captain and Civilians GS-10 through GS-12	140	120
Major, Lt. Col., Col. and GS-13 and above	160	120

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## ROUTING AND RECORD SHEET

SUBJECT: (Optional): m Inclusion in Individual Gross Income (W-2) of Cost-of-living Allowances and Housing Benefits paid in Continental U.S.A.

FROM:

Chief, Audit Staff

EXTENSION

NO

STATINTL

DATE

25 June 1973

TO: (Officer designation, room number, and building)

DATE 1973

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.) 1 to 7 thru 11:

1. [redacted] Audit Staff

6/25

99/

Per our telecon attached are 3 sets of documents for each of the three officers listed containing material from our audit of [redacted] concerning the question: should the cost-of-living allowances and housing benefits paid in the continental United States be included in the gross income, i.e., on the W-2 form prepared by OF/C&T? Documents (a) to (s) pertain to the various authorizations; documents (t) to (z) pertain to the various rulings and the applicable laws.

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15.

7DC7 Hqs.

OGC

6/26/73

AS. FR/ [redacted] 3C29 Hqs.

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